

**MEMORANDUM**

TO: District of Columbia Board of Zoning Adjustment

FROM: Arthur Jackson, Case Manager
Joel Lawson, Associate Director Development Review

DATE: September 17, 2013

SUBJECT: **BZA Case 18617** - request for variance relief from § 401.3 to convert abutting two- and three-story buildings at 1318-1320 Harvard Street NW, formerly occupied by a private school and substance abuse treatment facility, respectively, into a 14-unit apartment building

I. OFFICE OF PLANNING RECOMMENDATION

The Office of Planning (OP) **does not support** the variance relief necessary from § 401.3 to convert these existing building in the R-4 District into 14 apartments (900 square feet per apartment unit required, approximately 564 square feet per unit is proposed).

II. LOCATION AND SITE DESCRIPTION:

Address:	1318-1320 Harvard Street NW
Legal Description:	Square 2855, Lot 0079
Ward:	1A
Lot Characteristics:	The 57 x 138.6-foot rectangular interior lot with an approximate area of 7,902 square feet (0.18 acre) abuts Harvard Street NW along its front (northern) boundary and a 16-foot wide public alley along the rear (southern) boundary (refer to Figure 3).
Zoning:	<i>R-4</i> –apartment conversions are allowed subject to the lot area requirement under § 401.3.
Existing Development:	<p>Current development consists of two connected buildings originally constructed as dwellings on separate properties in 1905¹ (refer to Figure 1). Both buildings set back 30 feet from the street right-of-way due to an east-west building restriction line, as do the rest of the structures fronting Harvard Street NW. DC land records indicate:</p> <ul style="list-style-type: none"> 1320 Harvard Street NW: Several certificates of occupancy (CO's) were issued for ("The Harvard") apartment building use at this address between 1948 and 1964. In 1978 and 1983, Second Genesis, Inc., was granted CO's to operate a (drug) rehabilitation center halfway house onsite with a capacity of 64 beds on the first, second and third floor levels. 1318 Harvard Street: The property was the subject of

¹ Source: Historic Building Permits Database, DC Historic Preservation Office

	<p>previous Board of Zoning Adjustment (BZA) Application No. 14473. On September 17, 1986, the BZA conditionally granting special exception approval to the same organization to establish a private school on this property, "... to provide educational and therapeutic services for residents of the Second Genesis substance abusers home (next door)". The CO for a "private school and administration (offices)" on the basement, first, second and <i>loft</i>² levels was subsequently issued to Second Genesis, Inc., in 1988.</p> <p>According to a plat in the DC Office of the Surveyor, the remainders of lots 68 and 69³ underneath the referenced buildings were combined by subdivision in 1988 creating the subject lot 79.</p> <p>OP observed during a site visit that the building layout of 1320 Harvard Street appears to consist predominantly of sleeping rooms (as evidenced by bunk bed frames) and baths on upper floors with communal basement dining and kitchen areas. Above the basement level, one narrow switchback stair in front of the building provides vertical access to all floors. Double north-south hallways in the center of the building lead to rooms that line the exterior walls. Outside both side walls are narrow, irregularly-shaped open courts. An open exterior staircase attached to the rear (southern) façade connects each floor with rear yard below.</p> <p>The narrow stair and hallway along the western building wall in 1318 Harvard Street provides access to rooms on the basement, first and second floor that line the eastern wall. A separate quarter-turn staircase leads upstairs from the second floor to a loft area along the front building façade. Office furniture remnants occupy many of the rooms with bathrooms on the upper floors. Beyond this exterior wall is a wider but still irregularly shaped-closed court. The rear door on the first floor level opens onto a large wooden deck with steps down the rear yard.</p> <p>Doorways on the basement and first floor levels allow access between the buildings. Equipment installed in the basement indicates that both buildings shared commercial-grade HVAC and plumbing systems.</p> <p>The rear yard is entirely paved and open to the adjacent alley along the rear boundary. With a width of 57 feet, the paved area is wide enough for 6 vehicle spaces. The trash receptacles, vehicles and basketball goal that occupy this space are surrounded by a gated metal chain link fence that is taller than 7 feet (refer to Figure 2).</p>
Historic District:	None
Adjacent Properties:	Three-story dwellings of similar construction and scale (refer to Exhibit 1).

III. PROJECT DESCRIPTION IN BRIEF

Applicant:	1320 Harvard Street, LLC, owner of record.
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² The third floor level of 1318 Harvard Street NW does not extend the full length of the second floor.

³ Portions of the referenced lots that remained after creation of the abutting alley.

Proposal:	To convert the combined structure into a 14-unit apartment building. No exterior changes to the buildings or grounds are proposed. Section 330.5 (e) allows apartment conversions of buildings the existed before May 12, 1958 and both buildings on the subject property predate the current Zoning Regulations. Section 401.3 also requires a minimum 900 square feet of lot area per apartment for apartment conversion which would allow up to 8 apartments on the 7,902 square-foot site. ⁴ <i>This proposal would reduce the lot area-per-apartment to approximately 564 square feet.</i> No other zoning relief appears required based on the application.
Relief Sought:	Variance relief to reduce the required lot-area per apartment.

IV. ZONING REQUIREMENTS

R-4 District	Regulation	Existing	Proposed ⁵	Relief?
Apartments	--	--	14	N/A
<i>Lot Area – Conversion to apartments § 401</i>	<i>900 sq. ft./apartment</i>	<i>N/A</i>	<i>564 sq. ft./apartment</i>	<i>-336 sq. ft. / apartment</i>
Parking § 2101	1 space / 3 units (5)	6 spaces	SAME	None required

The Office of Planning (OP) asked the applicant to provide the following additional information: *a copy of the property appraisal secured prior to purchasing this property*; the source of the construction budget table provided in the application; and an estimate of proceeds from the sale, instead rental of the allowable eight dwelling units that would be created under Scenario 1 in the application Profit and Loss Analysis.

The Prehearing Statement of the Applicant dated September 10, 2013 (Statement), included the following information:

- A letter from a local real estate agent indicating that: market rates for the sale of condominiums require “different” (and apparently more expensive) finishes and amenities (i.e., heating and air conditioning systems, countertops, floors, etc.); and rental rates and sales prices provided by the applicant “... are both reasonable and appropriate.”
- An estimate of the proceeds from the sale of apartment (condominium) units created under the five scenarios.

So far, neither the appraisal associated with the subject property nor the source of the construction budget cost estimates.

Figure 1



⁴ The identical unit count to a neighboring same-size property across the alley (refer to the Exhibit 1).

⁵ Information provided by applicant.

V. OP ANALYSIS:

Variance relief from § 401.3

- **Uniqueness Resulting in a Practical Difficulty**

A single property developed with a former apartment building and another dwelling that were previously used for institutional and educational purposes, respectively, is a unique circumstance.

While the current Zoning Regulations allow apartment conversions in the R-4 District, the application highlights a litany of issues with the two structures that make this residential conversion proposal more challenging and, therefore, more expensive to undertake, resulting in an economic hardship.

Figure 2



OP observed a number of these conditions during the site visit. However, similar challenges would be associated with any effort to adaptively reuse and office/institutional use for residential purposes. In addition:

- The most prominent cost in the profit and loss analysis provided with the application is the \$2,450,000 paid to purchase the property in April 2013. Although the requested property appraisal for this site was not been provided, the 2013 current DC Office of Tax and Revenue assessment of this “special purpose” property for taxation purposes is \$1,475,300, almost \$1 million less.
- Given the litany of challenges identified by the applicant, and the fact the intent was to change the use is *residential apartments*, it appears that the purchase price should have been more in line with (or less than) the 2013 assessment.

A purchase price that more accurately reflected the project realities would also have:

- helped to produce more positive cash flow results in the profit and loss analysis from the unit rental, unit sale, and complete internal demolition options; and
- brought the different scenarios closer to achieving the debt service coverage ratio standard of ± 1.20 which is the apparent standard for securing financing for multifamily projects.

A \$1 million reduction in the up-front cost would have significantly affected the economics of this project.

- **No Substantial Detriment to the Public Good**

It does not appear that permitting the proposed unit count would negatively impact the surrounding neighborhood. The available onsite parking would be adequate, the overall building envelope and classic street façade would remain the same and the impacts on on-street parking resources are also expected to be minimal (refer to the Agency Comments section below).

- **Substantial Harm to the Zoning Regulations**

A practical difficulty solely related to the characteristics of the subject property has not been established. Rather, it appears that too much was paid initially for this developed property in light of the realities of the proposed redevelopment. Relief cannot be approved simply to assure that a landowner makes a profit *or* to facilitate a speculative purchase which may have broader land value implications (such as raising expectations and land values beyond what a conforming solution could accommodate). Granting the requested zoning relief would, therefore, be contrary and detrimental to the intent and integrity of the Zoning Regulations.

VI. AGENCY COMMENTS

In a memorandum dated September 3, 2013, the District Department of Transportation has no objections to the requested area variance. The impact on on-street parking conditions in the area was anticipated to be minimal.

VII. COMMUNITY COMMENTS

On July 10, 2013, Advisory Neighborhood Commission (ANC) 1A voted unanimously encouraged the Board to approve this request. The Supplement also included 44 letters of support from residents in the vicinity.

Attachment: Exhibit 1 - Neighboring Property



BZA Application No. 18617 Neighboring Property



Government of the District of Columbia
Office of Planning ~ September 17, 2013

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